

Message Text

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ACTION AF-18

INFO OCT-01 ARA-11 EA-11 EUR-25 NEA-10 RSC-01 ADP-00

SCEM-02 INT-08 OEP-01 JUSE-00 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08

CEA-02 L-03 PM-07 H-02 DODE-00 PA-03 USIA-12 PRS-01

RSR-01 /224 W

----- 129168

P R 221039 Z MAY 73

FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC PRIORITY 0109

INFO USINT ALGIERS

USINT CAIRO

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY TEHRAN

AMEMBASSY TUNIS

AMEMBASSY VIENNA

C O N F I D E N T I A L TRIPOLI 0683

E. O. 11652: GDS

TAGS: ENRG LY

SUBJ: OIL PARTICIPATION TALKS

1. SUMMARY. LARG AND INDUSTRY REPS MET MAY 19, 20
AND 21 WITHOUT CONCLUSIVE RESULTS. LARG REFUSES EVEN DISCUSS
ANY AGREEMENT WHICH DOES NOT MEET ITS THREE- POINT
DEMAND FOR "100 PERCENT OWNERSHIP, COMPENSATION AT NET
BOOK VALUE, AND FUTURE COMPANY PURCHASES AT WORLD
MARKET PRICES." LARG SAFDDWO WILL CLOSE DOWN AND

NATIONALIZE COMPANIES IF THEY DO NOT ACCEPT. HOWEVER,
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WITH EXCEPTION OF VAGUE REFERENCES TO POSSIBLE SHUT- IN
MAY 26, NO DEADLINE HAS BEEN SET BY LARG. END SUMMARY.

2. ECONOFF MET WITH ROONEY OF CONTINENTAL EVENING
MAY 21. ROONEY PROVIDED RUNDOWN CURRENT PARTICIPATION
TALKS. INDUSTRY REPS MET WITH PETMIN MABRUK AND PRIME
MINISTER JALLUD MAY 19. LIBYANS REPEATED THEIR THREE-

POINT DEMAND FOR 100 PERCENT " OWNERSHIP", COMPENSATION
AT NET BOOK VALUE, AND FUTURE COMPANY PURCHASES OF LIBYAN
CRUDE AT WORLD MARKET PRICES. WHEN FOLMAR (TEXACO)
ATTEMPTED TABLE INDUSTRY PROPOSALS JALLUD ASKED IF IT
MET ALL THREE POINTS. WHEN FOLMAR ANSWERED IN THE
NEGATIVE, JALLUD SAID HE WOULDN' T EVEN LOOK AT IT.
LIBYANS SAID COMPANIES MUST EITHER ACCEPT ALL THREE
POINTS OR BE SHUT DOWN. ONCE OPERATIONS ARE STOPPED,
LIBYANS WILL NATIONALIZE COMPANIES ONE AT A TIME.

3. MABRUK HAS HAD SUBSEQUENT MEETINGS MAY 20 AND 21
WITH REPRESENTATIVES OF VARIOUS COMPANIES. WHILE MABRUK
EXPRESSES DESIRE AVOID NATIONALIZATION, HE CONTINUES
REFUSE DISCUSSION OF NEW PROPOSAL WHICH DOES NOT MEET
LIBYAN THREE POINTS. ROONEY SAID THAT WILLIAMSON OF
OCCIDENTAL, WHO IS OLD FRIEND OF MABRUK, HAS BEEN ABLE TO
GENERATE MEASURE OF FLEXIBILITY IN MABRUK' S COMMENTS ON
PERCENTAGE OF OWNERSHIP. EVEN WILLIAMSON CANNOT EXTRACT
SIGN OF COMPROMISE ON NET BOOK VALUE. NEITHER LIBYANS
NOR COMPANIES HAVE RAISED POSSIBILITY COMPROMISE ON " WORLD
MARKET PRICES". MABRUK, IN STATEMENT TO WILLIAMSON ON
PERCENTAGE OF PARTICIPATION, SAID WHATEVER COMPANIES OFFER
" MUST NOT BE LESS THAN MORE THAN 50 PERCENT."

4. ROONEY SAID LIBYANS UNUSUALLY RELAXED IN THEIR HANDLING
OF NEGOTIATION. THERE NONE OF THE CUSTOMARY THEATRICAL
ANGER OR DRAMATIC TEARING UP OF INDUSTRY PROPOSALS. LIBYAN
THREAT TO " CLOSE YOU ALL DOWN" DID NOT INCLUDE DEADLINE.
JALLUD AND MABRUK RESPONSES TO QUESTIONS ON TIMING WAS
" WE' LL DECIDE." MABRUK HAS STATED SEVERAL TIMES " MAYBE
WE' LL CLOSE YOU DOWN SATURDAY" (MAY 26).

5. ROONEY BELIEVES MABRUK-- AND BY EXTENSION LARG--
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NOW PREOCCUPIED WITH OPEC PARITY PROBLEM AND NOT YET
PREPARED FOR CRUNCH ON PARTICIPATION. SAYS THERE
REAL POSSIBILITY OF SYMBOLIC SHUT- IN MAY 26, AS THREAT
TO THE INDUSTRY IN PREPARATION FOR MAY 28 OPEC
MEETING. (ROONEY BELIEVES MAY 15 SHUT- IN OF LOADING
OPERATIONS WAS TEST OF LIBYAN CAPABILITY CLOSE IN
PRODUCTION TO APPLY PRESSURE.) INDUSTRY REPS HERE

CONTINUE MEETING IN STEERING COMMITTEE. THEY HAVE
NOT YET DEVISED INDUSTRY RESPONSE TO LARG. INDUSTRY
APPARENTLY REMAINS UNITED, HOWEVER FRAGILE AND TEMPORARY
THIS UNITY MAY BE.

6. COMMENT: UNTIL LARG MAKES MOVE TO FORCE INDUSTRY
INTO ACCEPTANCE THEIR THREE POINTS, OR UNTIL INDUSTRY
DEVICES NEW NEGOTIATING PROPOSALS, DO NOT EXPECT
DRAMATIC CHANGE.
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*** Current Handling Restrictions *** n/a
*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 22 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TRIPOL00683
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: RR
Errors: n/a
Film Number: n/a
From: TRIPOLI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730550/aaaajnyu.tel
Line Count: 127
Locator: TEXT ON-LINE
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 07 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07-Aug-2001 by boyleja>; APPROVED <02-Jan-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> mcm 980225
Subject: OIL PARTICIPATION TALKS
TAGS: ENRG, LY
To: AF
ALGIERS
CAIRO
JIDDA
KUWAIT
LONDON
SECSTATE WASHDC

TEHRAN
TUNIS

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005